

Message Text

CONFIDENTIAL

PAGE 01 MUSCAT 00105 01 OF 02 191135Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 CIAE-00 INR-07 NSAE-00

L-03 (ISO) W

-----191310Z 096050 /22

R 190435Z JAN 77

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 2855

C O N F I D E N T I A L SECTION 1 OF 2 MUSCAT 0105

E.O. 11652: GDS

TAGS: BTRA BDIS ETEL MU

SUBJECT; TELECONSULT'S DISPUTE WITH OMANTEL

REF: 76 MUSCAT 1445 AND 76 MUSCAT A-74

1. SUMMARY. NEGOTIATIONS JUST CONCLUDED BETWEEN TELECONSULT AND MINISTRY OF COMMUNICATIONS OVER TELECONSULT'S MONETARY CLAIMS GIVE THAT COMPANY ROUGHLY 30 CENTS ON EVERY DOLLAR CLAIMED. THIS IS DISAPPOINTING TO TELECONSULT NEGOTIATORS AND MAKES COMPANY RELUCTANT UNDERTAKE FUTURE WORK IN OMAN. HOWEVER, OMANIS HAVE OFFERED TELECONSULT ANOTHER CONTRACT. RFD OFFER IS BEING CONSIDERED. SEPARATE ISSUE OF TELECONSULT TECHNICIANS BEING ASKED TO SIGN INDIVIDUAL CONTRACTS IN PLACE OF OMANTEL-TELECONSULT AGREEMENT IS SIMMERING WITHOUT YET COMING TO A HEAD. END SUMMARY.

2. DR. EITEL RIZZONI OF TELECONSULT LEFT MUSCAT JAN 17 AFTER MORE THAN A WEEK OF NEGOTIATIONS WITH MINISTRY OF COMMUNICATIONS OVER CLAIMS OF HIS COMPANY AGAINST OMANTEL. ACCOMPANYING RIZZONI WERE TWO OTHER TELECONSULT REPRESENTATIVES AND MR. STEVEN BOYD, LEGAL COUNSEL. RIZZONI AND BOYD DID MOST OF NEGOTIATING.

3. TELECONSULT PRESENTED THREE CLAIMS: (A) APPROXIMATELY \$58,000 FOR SERVICES PERFORMED AND UNPAID, INCLUDING INTEREST ON INVOICES UNPAID FOR MORE THAN 30 DAYS; (B) SLIGHTLY MORE THAN \$360,000 REPRESENTING DAMAGES ON PORTIONS OF TECHNICIAN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MUSCAT 00105 01 OF 02 191135Z

CONTRACTS CANCELLED UNILATERALLY BY OMANTEL; (C) NEARLY \$260,000 CLAIMED FOR WORK ON SEPARATE EARTH STATION CONTRACT DURING PERIOD AFTER CONTRACT EXPIRED BUT STATION NOT FINISHED BY PRIMARY CONTRACTOR (STS OF ITALY). THIS LAST CLAIM WAS MADE UNDER CLAUSE OF EARTH STATION AGREEMENT CONTEMPLATING DELAY AND SPECIFYING COMPENSATION FOR SUCH WORK.

4. AFTER DISCUSSIONS WITH MR. NOOR MOHAMMED, GENERAL MANAGER OF OMANTEL, AND MINISTRY OF IGMMUNICATIONS UNDERSECRETARY SALIM BIN NASSIR, RIZZONI AND BOYD WON CONSIDERABLY LESS THAN THEY HOPED FOR, EVEN THOUGH THEY RECOGNIZED FROM THE STRAR THEY PROBABLY WOULD NOT GET EVERYTHING CLAIMDF. NOOR MOHAMMED THEY DESCRIBED AS POLITE BUT UNBENDING, WHILE SALIM BIN NASSIR TO ALL APPEARANCES "HAD NOT DONE HIS HOME-WORK" DUE TO PRESS OF OTHER BUSINESS. SESSIONS WERE CHARACTERIZED LESS BY LEGAL ARGUMENTS THAN BY BAZAAR-TYPE HAGGLING. CULMINATION OF NEGOTIATIONS WAS MEETING JAN 16 WITH SALIM BIN NASSIR, AT END OF WHICH LATTER SAID HE WOULD PROPOSE A SPECIFIED SETTLEMENT OMANGOV FINANCIAL COUNCIL. HE MADE THIS MOVE ON TAKE-IT-OR-LEAVE-IT BASIS.

5. THE SETTLEMENT SALIM BIN NASSIR WILL PROPOSE IS THE FOLLOWING: (A) CLAIM FOR SERVICES RENDERED (ON WHICH DIS-AGREEMENT HAS CONSIDERABLY NARROWED BEFORE FINAL MEETING) WOULD BE SETTLED BILATERALLY BETWEEN TELECONSULT AND OMANTEL, WITH TELECONSULT GETTING CONSIDERABLE PORTION OF CLAIM; (B) NOTHING WOULD BE PAID ON CANCELLATION OF CONTRACTS, BECAUSE OMANIS CONSIDER THESE CONTRACTS "INEQUITABLE" FOR VARIOUS REASONS; (C) TELECONSULT WILL BE PAID HALF OF EARTH STATION CLAIM, I.E. ABOUT \$130,000 WITH POSSIBILITY OF ADDITIONAL \$10,000 IF FINANCIAL COUNCIL APPROVES.

6. COMMENTS. RIZZONI AND BOYD REMARKED TO EMBASSY AFTER NEGOTIATIONS THAT EPISODE SHOWED THEM BASIC UNRELIABILITY OF OMANIS IN CONTRACTURAL RELATIONS. FOREIGNERS DOING BUSINESS IN OMAN, THEY SAID, WOULD SIMPLY HAVE TO CONSIDER THAT IN-CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MUSCAT 00105 01 OF 02 191135Z

ORDINATE PAYMENT DELAYS AND UNILATERAL ATTEMPTS TO CUT AMOUNTS OWED ARE STANDARD PRACTICE, AND FEES CHARGED WILL HAVE TO BE TAILORED ACCORDINGLY. RIZZONI WAS PARTICULARLY INCENSED BY STATEMENT OF NOOR MOHAMMED THAT OMANTEL COULD PAY AN INVOICE WHENEVER IT CHOSE, WITHOUT REGARD TO TIME LAG. RIZZONI CALCULATED THAT SETTLEMENT PUTS TELECONSULT CLOSE TO BREAK-EVEN POINT IN OVERALL OMANI RELATIONSHIP AND MIGHT CAUSE NET LOSS.

7. NEVERTHELESS, RIZZONI DID NOT CLOSE THE DOOR TO FUTURE BUSINESS IN OMAN. HE ADMITTED THAT ONE OR TWO TELECONSULT TECHNICIANS HAD BEEN POOR CHOICES AND SO CONCEDED SOME MERIT IN OMANTEL'S ARGUMENT ON CANCELLED CONTRACTS. MORE-OVER, DURING NEGOTIATIONS OMANIS TOLD HIM THAT TELECONSULT HAS BEEN SELECTED AS CONSULTANT IN UPCOMING INTERNATIONAL SWITCHING CONTRACT. IN HIS MOOD JUST BEFORE DEPARTURE, RIZZONI WAS LEANING TOWARD REFUSAL, BUT OFFER HAD ATTRACTIONS AND HE WANTED TO THINK IT OVER. MEANWHILE, HE WOULD AWAIT WORD ON FINANCIAL COUNCIL DECISION CONCERNING CLAIM.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MUSCAT 00105 02 OF 02 191141Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 CIAE-00 INR-07 NSAE-00
L-03 (ISO) W
-----191310Z 096049 /22

R 190435Z JAN 77
FM AMEMBASSY MUSCAT
TO SECSTATE WASHDC 2856

C O N F I D E N T I A L SECTION 2 OF 2 MUSCAT 0105

8. THESE NEGOTIATIONS CONCENTRATED ON MONETARY ASPECTS OF TELECONSULT'S DIFFICULTIES AND DID NOT RPT NOT CONCERN PROBLEM OF TELECONSULT TECHNICIANS CURRENTLY BEING OFFERED INDIVIDUAL CONTRACTS TO REPLACE OMANTEL-TELECONSULT AGREEMENT, THE ISSUE DOMINATING EARLIER PHASE OF DISPUTE. (CANCELLED CONTRACTS MENTIONED ABOVE RELATE TO TECHNICIANS UNILATERALLY TERMINATED WITHOUT OFFERS OF INDIVIDUAL CONTRACTS.) RIZZONI AGAIN STATED THAT OMANTEL IS ASKING PRESENT TELECONSULT PERSONNEL TO SIGN INDIVIDUAL EMPLOYMENT AGREEMENTS, AND SAID MOST ARE REFUSING. ISSUE REMAINS SIMMERING, WITH PERSONS INVOLVED STILL PERFORMING UNDER ORIGINAL CONTRACT AND OMANTEL TAKING NO ACTION AGAINST THEM. BUT RIZZONI FEARS OMANTEL WILL AT ANY TIME ASK THESE TECHNICIANS TO LEAVE ON ONE PRETEXT OR ANOTHER.

9. RIZZONI AND BOYD KEPT EMBASSY FULLY BRIEFED THROUGHOUT NEGOTIATIONS. THEY ASKED NO INTERVENTION, RELYING MAINLY FOR SUPPORT ON ALAWI ENTERPRISES, TELECONSULT'S WELL-CONNECTED LOCAL AGENT (A ZAWAWI COMPANY. NEVERTHELESS, RIZZONI SEEMED PLEASED WHEN AMBASSADOR HAD OCCASION SPEAK TO SALIM BIN NASSIR JUST BEFORE FINAL SESSION. AMBASSADOR, WHO WAS SEEING UNDERSECRETARY ON OTHER MATTERS, CONFINED APPROACH TO EXPRESSION OF HOPE THAT MUTUALLY AGREEABLE SETTLEMENT WOULD BE REACHED.
WOLLE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTES, CLAIMS, TELEPHONE SYSTEMS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MUSCAT00105
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770019-1190
Format: TEL
From: MUSCAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770137/aaaabgjj.tel
Line Count: 162
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: db7e7a2d4-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 MUSCAT 1445, 76 MUSCAT A-74
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3559540
Secure: OPEN
Status: NATIVE
Subject: ; TELECONSULT'S DISPUTE WITH OMANTEL
TAGS: BTRA, BDIS, ETEL, MU, TELECONSULT
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/db7e7a2d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009